

**Illinois Department of Revenue  
Regulations**

<b>Title 86 Part 130 Section 130.332 Automatic Vending Machines</b>
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**TITLE 86: REVENUE  
CHAPTER I: DEPARTMENT OF REVENUE**

**PART 130  
RETAILERS' OCCUPATION TAX**

**Section 130.332 Automatic Vending Machines**

- a) General. Notwithstanding the fact that the sales may be at retail, effective January 1, 2000 and through December 31, 2001, the Retailers' Occupation Tax does not apply to sales of new or used automatic vending machines that prepare and serve hot food and beverages. The exemption also applies to individual replacement parts for these machines. Beginning January 1, 2002 and through June 30, 2003, the Retailers' Occupation Tax does not apply to sales of *machines and parts for machines used in commercial, coin-operated amusement and vending business if a use or occupation tax is paid on the gross receipts derived from the use of the commercial, coin-operated amusement and vending machines.* [35 ILCS 120/2-5(35)]
- b) Exempt Usage of Vending Machines – January 1, 2000 through December 31, 2001. Between January 1, 2000 and December 31, 2001, this exemption exempts from tax only automatic vending machines used in the preparation and serving of hot food and beverages. For purposes of this exemption, an automatic vending machine is an electrically operated machine into which customers insert U.S. legal tender coinage or paper money to cause a food or beverage item to be dispensed, the temperature of which is heated above the ambient temperature at the time it is removed by the customer. The use of vending machines in any other activity will not qualify for this exemption. The use of vending machines to dispense or serve unheated food or beverage products will not be an exempt use and those machines will be subject to tax. The use of vending machines to sell or dispense any non-food items is not an exempt use and those machines will be subject to tax.
- c) Exempt Usage of Vending Machines - On and after January 1, 2002 and through June 30, 2003
  - 1) After December 31, 2001 and through June 30, 2003, the exemption applies to machines and parts for machines used in commercial, coin-operated amusement and vending businesses, so long as the owner, operator or user of the machine incurs a use or occupation tax liability. The following are examples of situations in which the tax liability is incurred on machines:
    - A) Retailers' Occupation Tax is incurred on the sale of tangible personal property through a vending machine.

- B) Use Tax liability is incurred on tangible personal property that is awarded as a "prize" resulting from the operation of an amusement machine.
- 2) For those machines or parts where a use or occupation tax is not incurred, the exemption does not apply to sales of those machines or parts for those machines. For example, a seller does not incur Retailers' Occupation Tax on gross receipts derived from sales of items through bulk vending machines. As a result, sales of bulk vending machines and parts for those machines are subject to tax. (See Section 1 of the Act.)
- 3) For purposes of this exemption, "parts for machines" includes replacement parts.
- d) Restrictions Applicable to All Periods
  - 1) The use of microwave ovens or other devices as units separate and apart from vending machines to heat food or beverages sold by vending machines is not an exempt use and the microwave ovens or other devices will be subject to tax.
  - 2) Constructed foundations or other buildings or structures that support or house vending machines do not qualify for this exemption.
- e) Purchaser Certification
  - 1) The purchaser of machines or parts affected by this Section shall prepare a certificate of exemption for each transaction stating facts establishing the exemption for that transaction and submit the certificate to the retailer. Between January 1, 2000 and December 31, 2001, the certificate must include the seller's name and address, the purchaser's name and address and a statement that the property purchased will be a vending machine or replacement part used for the preparation and serving of hot food or beverages. After December 31, 2001, the certificate must include the seller's name and address, the purchaser's name and address and a statement that the property purchased will be a machine or part used in a commercial, coin-operated amusement or vending business where the owner, operator or user of the machine will incur a use or occupation tax liability. The certificates shall be retained by the retailer and shall be made available to the Department for inspection or audit.
  - 2) If all purchases are for qualifying machines or parts as described in this Section, a purchaser may provide a blanket exemption certificate that specifies that all purchases are exempt.

(Source: Amended at 28 Ill. Reg.11271, effective July 21, 2004)